

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BOGOTA IMMEDIATE

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LIMDIS

E.O. 11652: N/A

TAGS: ETRD, CO

SUBJECT: NOTIFICATION OF DECISION TO COUNTERVAIL IN
CASE OF CUT FLOWERS

FOR AMBASSADOR

1. TREASURY TODAY PRIVATELY NOTIFIED COLOMBIAN
EMBASSY OF DECISION TO ORDER COUNTERVAILING DUTY OF
10.23 PERCENT IN CASE OF CUT FLOWERS FROM COLOMBIA.
PURSUANT TO PRIOR AGREEMENT, THREE WORKING DAYS WILL
ELAPSE BEFORE PUBLICATION IN FEDERAL REGISTER. PUBLIC
RELEASE WILL BE FRIDAY, JULY 5, WITH PUBLICATION IN
FEDERAL REGISTER OF JULY 8. AS YOU ARE ALREADY AWARE,
DUTY WILL NOT BE COLLECTED UNTIL 30 DAYS AFTER
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PUBLICATION IN THE CUSTOMS BULLETIN. WE ANTICIPATE

THAT COLLECTION WILL BEGIN SECOND OR THIRD WEEK IN AUGUST.

2. IN LIGHT OF TREASURY DECISION AND AT YOUR DISCRETION, YOU ARE AUTHORIZED APPROACH GOC TO POINT OUT THAT INTERESTS BOTH COUNTRIES MIGHT BE WELL SERVED IF GOC DURING THIS THREE-DAY PERIOD WOULD TAKE SOME ACTION TO OBTAIN PUBLICATION OF COUNTERVAILING DUTY ORDER. EXAMPLES OF SUCH ACTION COULD BE CANCELLATION OR SUSPENSION OF CAT SYSTEM'S APPLICABILITY TO CUT- FLOWER EXPORTS. ANOTHER EXAMPLE (EXPLAINED IN SEPTTEL)

WOULD BE THE DEPOSITING OF ANY COUNTERVAILABLE PORTION OF CAT INTO A GOVERNMENT CONTROLLED FUND TO AVOID THE ASSESSMENT OF A COUNTERVAILING DUTY.

3. IN MAKING APPROACH, YOU SHOULD OF COURSE EMPHASIZE OUR STRONG INTEREST IN FINDING BEST POSSIBLE SOLUTION IN TERMS OF IMPACT ON U.S.-COLOMBIAN AND GENERAL INTER-AMERICAN RELATIONS.

4. IN ANY EXPLANATION OF TREASURY'S DECISION, YOU MAY WISH TO DRAW ON THE FOLLOWING POINTS:

(A) EVERY POSSIBLE WAY HAS BEEN EXPLORED WITHIN THE USG TO REACH A DETERMINATION ON THE CUT FLOWERS CASE THAT WOULD RECONCILE U.S. LEGISLATION WITH THE COLOMBIAN EXPORT SUBSIDY SYSTEM FOR CUT FLOWERS.

(B) PRESSURES IN THE U.S. FOR EXPEDITIOUS TREASURY PROCESSING OF COUNTERVAILING DUTY CASES IN GENERAL ARE THREE FOLD.

1 - JUDICIAL: IT IS ANTICIPATED U.S. COURTS WILL RULE THAT TREASURY MUST TAKE EXPEDITIOUS ACTION IN COUNTERVAILING DUTY CASES. THIS IS ESPECIALLY TRUE WITH REGARD TO THE COLUMBIAN CASE, THE COMPLAINT FOR WHICH WAS FILED ABOUT ONE YEAR AGO. IF TREASURY DOES NOT MOVE IN THESE CASES, THE COURT MAY FORCE TREASURY TO ACT. TO THE EXTENT POSSIBLE, TREASURY WISHES TO AVOID SUCH ACTIONS.

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2 - LEGISLATIVE: IN THE NEW TRADE BILL THE ADMINISTRATION HAS ASKED FOR DISCRETIONARY AUTHORITY NOT TO IMPOSE COUNTERVAILING DUTIES IF SUCH ACTION WOULD SERIOUSLY JEOPARDIZE THE SUCCESSFUL OUTCOME OF THE MTN. TO THE EXTENT THAT THE PRESENT LAW IS NOT ENFORCED, THE POSSIBILITY OF CONGRESS GRANTING DISCRETIONARY AUTHORITY IN A NEW LAW IS UNDERMINED.

3 - PUBLIC OPINION: PUBLIC FOCUS ON THE COUNTERVAILING DUTY STATUTE AND THE GENERAL EFFECT THAT IMPORTING OF CERTAIN PRODUCTS HAS ON JOBS OF U.S. CITIZENS HAS BEEN MOUNTING IN RECENT WEEKS.

5. THUS, NOTWITHSTANDING OUR DESIRE TO ACCOMMODATE COLOMBIAN WISHES ON THIS MATTER - INCLUDING THE MOST RECENT EFFORT OF THE COLOMBIAN EMBASSY IN WASHINGTON IN ITS NOTE OF JUNE 28 IN WHICH POSTPONEMENT UNTIL THE

NEW COLOMBIAN ADMINISTRATION TAKES OVER IS REQUESTED - THE COMBINATION OF FACTORS DESCRIBED ABOVE MAKES A FURTHER DELAY IN THE IMPOSITION OF THE COUNTERVAILING DUTY IMPOSSIBLE.

6. PLEASE REPORT COLOMBIAN RESPONSE BY IMMEDIATE CABLE.
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